

**SHOREVIEW CITY COUNCIL WORKSHOP MEETING
MINUTES
December 10, 2012**

ATTENDEES:

City Council: Mayor Martin; Councilmembers Huffman, Quigley, Wickstrom and Withhart
Councilmember-Elect Emy Johnson

Staff: Terry Schwerm, City Manager
Mark Maloney, Public Works Director

Legislative Senator Bev Scalze
Representatives: State Representative Jason Isaacson
State Representative Barb Yarusso

CALL TO ORDER

Mayor Martin called the meeting to order at 6:08 p.m.

ROLL CALL:

All Councilmembers were present.

DISCUSSION WITH STATE LEGISLATIVE DELEGATES

Mayor Martin thanked Shoreview's legislative delegation for attending this meeting to discuss important City issues in the upcoming legislative session.

City Overview

Shoreview is a community of approximately 26,000 residents. Every three years, Shoreview conducts a community survey through the services of Decision Resources, Inc. The last survey showed that Shoreview achieved the highest results of any municipality in the Twin Cities with a 98% approval rating. The Council has found that the community survey is the best way to find out what is important to residents, where the City is perceived to be deficient, and what things residents would like to see done differently. The same questions are asked each survey to be able to have a good track of the rating of each question.

Shoreview is home to Fortune 500 companies and big landmark companies, such as Deluxe and Wells Fargo. Other major companies in the City are TSI, PaR Systems, Cummins and PaR Nuclear.

Shoreview's Community Center is well-known and cherished. It was built with 68% voter approval on a referendum and has been the heart and soul for Shoreview for the last 20 years.

Shoreview's form of government is a City Council that hires one person who is the City Manager. The Council is not involved in hiring other department heads. The City Manager is the head of the City and carries out Council policy. It is more efficient to have one supervisor rather than employees having to report to the whole Council.

The City takes pride in its triple AAA bond rating, which was granted because of the long-range financial planning that has been done since the 1980s. Financial planning is a particular strength of Shoreview. There is a plan for anticipated infrastructure replacements 40 years out, which includes estimated costs and where the funds will come from for the work. The Council has dared to levy for funds, even if not needed in a certain year, in order to have funding available in the future.

Comparatively, the City's tax rate has historically been in the lower quarter of similar sized cities. Part of the reason is that the City contracts for police and fire protection, which is a huge savings. The City has many active committees, commissions, volunteers and community groups.

Shoreview believes that resources from the League of Minnesota Cities is important because the League works hard to represent cities throughout the State. Metro Cities focuses on general legislation and particularly on the Metropolitan Council.

The City also is a member of the Municipal Legislative Commission (MLC). Sixteen cities are members of the MLC, none of which receive any Local Government Aid (LGA). Mayor Martin invited each legislator to attend a breakfast that will be held February 8, 2013, at the League of Minnesota Cities building in St. Paul. It is an opportunity to share the legislative agenda of member cities in the MLC. The MLC focuses on tax policy, jobs, economic development and transportation issues.

Councilmember Withhart arrived at 7:20 p.m.

Legislative Issues

City Manager Terry Schwerm stated that one key issue for Shoreview is transportation. Last year, Representative Scalze and Senator Runbeck partnered in legislation to push I-694 improvements between I-35E and I-35W and a new Rice Street bridge. The City has a business retention and expansion program through its Economic Development Authority (EDA) and often hears about transportation issues from businesses. Cummins has 600 employees. TSI built a 50,000 square foot addition with potential to hire an additional 180 employees. PaR Systems is building a 47,000 square foot expansion. Mead Metals is looking at an expansion. More efficiency is needed to get people to work in Shoreview. Businesses on Cardigan Road and Soo Street (TSI, Mead Metal) have a particularly difficult time because of the left turn onto Owasso Boulevard in order to access Rice Street. Cars can sit as long as 15 minutes, which is really affecting business and employees.

A second key issue is market value homestead credit, which has now been replaced with the market value exclusion program to hold down property taxes for moderate and low valued

homes. The idea of homestead credit was to give credit to the homeowner and then reimburse local government for that credited amount. Of the 10 years the program was in force, Shoreview collected the full reimbursement due only in two-three years. In most years, the City collected nothing. So the City was put in the awkward position of having to levy for the reimbursement that should have been paid by the State. A more transparent system was needed. The new market value exclusion is more transparent. Although there may be some effort to reinstate the market value homestead credit program, the League of Minnesota Cities and MLC do not support reinstatement. The market value exclusion program is a direct benefit to property owners without state reimbursements, most cities oppose reinstatement of the market value homestead credit program.

A third issue is property tax relief and LGA. Legislators will hear from cities to increase LGA. From Shoreview's perspective, this is not the best way to provide property tax relief. Relief would be better done through the circuit breaker program. The circuit breaker program provides property tax relief based on income. Anyone who has paid a disproportionate amount in property taxes can receive a property tax refund that goes to the individual rather than to LGA that goes to cities.

Senator Scalze noted that many more cities receive LGA than do not. There will be a big push this year to increase LGA, especially with the loss of market value homestead credit. Mr. Schwerm responded that there would be more direct benefit to taxpayers if that money were put into the school aid formula rather than local governments. It would buy down the school district levy, a benefit to all citizens in the district rather than just a few communities.

Mr. Schwerm stated that a third issue of concern is tax increment financing (TIF). TIF is a development tool that allows cities to capture property tax growth from new development. TIF is used for public improvements or as an incentive for development of certain types of property, usually industrial or manufacturing that will create jobs in the community. Shoreview has used the increased flexibility granted by the state in the last couple of years to aid business expansions, such as PaR Systems and TSI. The City leveraged TIF dollars to companies to help them invest in expansions. TIF is also used for housing development. A new senior housing complex just opened on Highway 49. TIF is also being used for a major apartment redevelopment at Midland Terrace on County Road E and Victoria, which will replace an outdated strip mall with a 104-unit upscale apartment building. This will add another housing choice within Shoreview.

Councilmember Quigley stated that Deluxe was the first major company in Shoreview, and TIF was a big part of bringing that company to the City.

Councilmember Withhart stated that the beauty of using TIF is that the money is paid back. Many projects are in the second go-around using the same money. Mr. Schwerm added that TIF is the only money available to cities for new development. It is the only real development tool available to cities.

State Representative Yarusso asked how Shoreview weighs in on the TCAAP property, which will make transportation issues urgent.

Mayor Martin stated that the City has been supportive of past redevelopment plans, specifically the Vento Plan and the Ryan Plan. Development of the TCAAP property will have a huge regional benefit if it is done right. Shoreview supports mixed use with housing, corporate, retail and recreational amenities. The City is not directly involved at this time and has not been asked to be. Shoreview does support state assistance for environmental clean up of the property.

Councilmember Huffman noted that Ramsey County is buying the property.

Mr. Schwerm stated that zoning of TCAAP is consistent with the Ryan Plan, which is mixed use that Shoreview supports. TCAAP has the potential to be a major community asset.

Mayor Martin encouraged legislators to keep communications open as plans go forward.

Documents were distributed to legislators on the City's community benchmarks. The City's tax rate with the school district and county is above the median. Yet in a comparison of similar sized cities, Shoreview is fifth lowest.

Mr. Schwerm stated that another issue legislators are likely to hear about is lake levels. Turtle Lake is being compared to White Bear Lake. Many characteristics of White Bear Lake and Turtle Lake are similar, but Turtle Lake levels respond more quickly when there are heavier than normal rainfalls. White Bear Lake has not. In the past, most lakes in Ramsey County were augmented, but not since 1989, when the DNR disallowed the practice. Public Works Director Mark Maloney added that a study of wells around White Bear Lake shows a significant connection between municipal water pumping and lake levels. That same finding has not been present at Turtle Lake.

Mayor Martin stated that Turtle Lake is impacted by a small watershed and drought. These were the same circumstances when it was decided to augment Snail Lake. There used to be wells at Lake Owasso and at White Bear Lake that pumped from the aquifer into lakes.

Mr. Schwerm identified another municipal concern with the Metropolitan Council, which more and more is looking at water as a regional system. A number of cities pump their own water and do not want the Metropolitan Council to regulate it. Water is becoming like the sewer system. Shoreview has spent millions of dollars on redirecting storm water from direct discharge into lakes to a street sewer system.

Mr. Maloney noted that the City has curtailed use of storm water pond treatment and storage because of the amount of sediment now sitting in ponds. The cost of getting rid of sediment after dredging is huge, and Shoreview has a moratorium on pond dredging until there is a better solution.

Mayor Martin noted that Public Works Director Mark Maloney was named City Engineer of the Year and would be an excellent resource for legislators seeking information on many issues.

Senator Scalze, State Representatives Isaacson and Yarusso each thanked the Council for this invitation to meet and for the very important information provided that helps them to learn how the City works.

REVIEW OF 2013-2017 STREET REHABILITATION AND RECONSTRUCTION PLAN

Presentation by Public Works Director Mark Maloney

There are three levels of classification in pavement management: 1) preventative maintenance, such as sealcoating and crack filling; 2) rehabilitation by full depth reclamation with emulsion; and 3) total reconstruction. Classification is based on a Pavement Condition Index (PCI) on a scale of 1 to 100, with 100 representing a fairly new pavement. The City's goal has been to pursue full depth reclamation strategy at a more moderate cost than to wait until streets need total reconstruction at a much higher cost.

Bonding has the benefit of being able to get out to a number of locations in the community and return the value back to the taxpayer rather than waiting until roads are so bad that a total reconstruction has to be done.

Councilmember Withhart stated that it would be helpful to have a map showing the streets that have been done and the ones for future work using the full depth reclamation strategy.

Mr. Maloney stated that Shoreview is the first city in Minnesota to use full depth reclamation and has set specification standards for the metro area. State statute requires that all projects be identified for the bond issue and that a public hearing be held. Nothing can be added once bids are received. The plan shows the City's street program to 2017 and how it fits in with other street spending. MSA street segments (higher volume streets that serve more than local traffic) are funded from MSA state gas tax dollars, which is 20% of Shoreview's street system.

OTHER ISSUES

Mayor Martin stated that she would like to set a date for the Council to hold a goal-setting session.

Councilmember Quigley stated that he does not want the session to reinvent what the Council has already achieved but rather a session that builds from successes. Unfortunately, facilitators bring an agenda that is not particularly helpful and does not build on the momentum the City already has. He would like to see outcomes identified for the short term and long term and how to achieve them.

Mayor Martin agreed and stated that the Council has put its own structure around the work it has done together over the last 10 years. There is no need to go back to mission statements but a real need on how to move forward.

Councilmember Withhart stated that he wants to focus on how to keep Shoreview first class and how to keep that edge. The session should not be a critique of staff but how to set policy moving forward.

It was the consensus of the Council to tentatively schedule a goal-setting workshop for the February 2013 workshop date, February 10th.

The meeting adjourned at 9:10 p.m.